

Virginia Department of Mines, Minerals & Energy
Virginia Gas and Oil Board

[Minutes and results of hearing, May 15, 2007]

Board members present (Quorum was established): Ms. Barber, Ms. Dye, Mr. Harris, Mr. Prather, Ms. Quillen, Mr. Ratliff, Mr. Wampler

1. A petition from CNX Gas Company, LLC appealing a decision by the Director of the Division of Gas and Oil to deny issuance of permits subsequent to Informal Fact Finding Conference 19607. Docket Number VGOB-07-0417-1909. Continued from April.

The Director denied issuance to CNX Gas Company, LLC of 12 permits to drill new gas wells. The denials were based on objections raised by GeoMet Operating Company, gas owner and the Board's designated operator in units to be served by the proposed wells. GeoMet's objections state that issuance of permits to drill to any party other than the Board's designated operator circumvents the Board's orders. The Director's decision was upheld.

2. A petition from Equitable Production Company for pooling of conventional gas unit V-536801, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-07-0417-1920. Continued from April.

In the V-536801 112.69-acre conventional gas unit, the applicant controls 87.9% of the oil and gas interests, and seeks to pool the remaining 12.1% of the interests. Unleased acreage subject to pooling totals 13.6 net acres in four tracts having three unleased owners. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. The application was withdrawn by the applicant.

3. A petition from Equitable Production Company for modification of the Nora Coalbed Field Rules to allow drilling of an additional well in units AV41 to AV52, AW41 to AW52, AX41 to AX47, AX50 to AX52, AY41 to AY47, AY50 to AY51, Ervinton District, Dickenson County, Virginia. Docket Number 89-0126-0009-08. Continued from April.

The applicant seeks to modify a portion of the Nora Coalbed Field rules to allow for drilling of multiple wells in each 60-acre unit. The original field rule allows for one well per 60-acre unit. Five areas of the Nora Field have previously been approved for multiple wells. Continued to June.

4. A petition from Equitable Production Company for modification of the Nora Coalbed Field Rules to allow drilling of an addition well in units AZ67- AZ73, BA67 to BA73, BB67 to BB73, BC67 to BC72, BD67 to BD73, BE67 to BE68, BE70 to BE73, BF71 to BF73, BG71 to BG73, Ervinton District, Dickenson County, Virginia. Docket Number VGOB 89-0126-0009-09. Continued from April.

The applicant seeks to modify another portion of the Nora Coalbed Field rules to allow for drilling of multiple wells in each 60-acre unit. The original field rule allows for one well per 60-acre unit. Five areas of the Nora Field have previously been approved for multiple wells. Continued to June.

5. A petition from Equitable Production Company for disbursement of funds and authorization for direct payment of royalties on Tract 2, Unit VC-505187, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-02-0618-1035-01. Continued from April.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Disbursement of funds was approved.

6. A petition from CNX Gas Company, LLC appealing a decision by the Director of the Division of Gas and Oil to deny issuance of permits in units for which CNX is not the Board's designated operator. Docket Number VGOB-07-0417-1921. Continued from April.

The Director denied issuance to CNX Gas Company, LLC of two permits to drill new gas wells. The denials were based on the conclusion reached in IFFC 19607 (see item 1, above) that only the Board-designated operator of statutory units is eligible for permits to drill within such units. The Director's decision was upheld.

7. The Board will, on its own motion, reconsider its authorization for disbursement of escrowed funds attributable to Tract 3 of Unit VC-2966, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-94-0815-0467-01.

In September of 2006, the Board approved disbursement to heirs of Missouri Kiser, oil and gas owners, of escrowed coalbed methane royalties attributable to Tract 3. Previously, in April of 2005, the Board had approved pooling of the same tract for development of conventional gas, but escrowed royalties because oil and gas ownership of the tract was contested by Trulah Powers. Approval for disbursement of funds was withdrawn and all escrowed royalties will be held pending resolution of ownership.

8. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit E-14, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-07-0515-1922.

In the E-14 80-acre unit, the operator controls 92.5% of the coal and gas interests, and seeks to pool the remaining 7.5% of the interests. Unleased acreage subject to pooling totals 6.0 net acres in three tracts having 13 unleased owner. There are no conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

9. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit F-10, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-07-0515-1923.

In the F-10 80-acre unit, the operator controls 99.99% of the coal and gas interests, and seeks to pool the remaining 0.01% of the interests. Unleased acreage subject to pooling totals 0.004 net acres in one tract having five unleased owner. There are no conflicting claimants subject to escrow. A permit to drill the unit was issued 3/15/07. Pooling was approved.

10. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit F-11, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-07-0515-1924.

In the F-11 80-acre unit, the operator controls 90.3% of the coal and gas interests, and seeks to pool the remaining 9.7% of the interests. Unleased acreage subject to pooling totals 7.8 net acres in two tracts having eight unleased owner. There are no conflicting claimants subject to escrow. A permit to drill the unit was issued 3/26/07. Pooling was approved.

11. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit H-39, Garden District, Buchanan County, Virginia. Docket Number VGOB-07-0515-1925.

In the H-39 80-acre unit, the operator controls 99.7% of the coal and gas interests, and seeks to pool the remaining 0.3% of the interests. Unleased acreage subject to pooling totals 0.2 net acres in one tract having three unleased owner. There are conflicting claimants subject to escrow. A permit to drill the unit was issued 1/4/05. Pooling was approved.

12. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit L-41, Garden District, Buchanan County, Virginia. Docket Number VGOB-07-0515-1926.

In the L-41 80-acre unit, the operator controls 99.97% of the coal and gas interests, and seeks to pool the remaining 0.03% of the interests. Unleased acreage subject to pooling totals 0.02 net acres in one tract having five unleased owner. There are no conflicting claimants subject to escrow. A permit to drill the unit was issued 3/13/07. Pooling was approved.

13. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit BD-123, New Garden District, Russell County, Virginia. Docket Number VGOB-07-0515-1928.

In the BD-123 58.74-acre unit, the operator controls 100% of the coal and 73.8% gas interests, and seeks to pool the remaining 26.2% of the gas interests. Unleased gas acreage subject to pooling totals 15.4 net acres in seven tracts having 40 unleased claimants. There are conflicting claimants and unknown owners subject to escrow and conflicting claimants subject to existing split agreements. An application for permit to drill the unit has been submitted. Pooling was approved.

14. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit DD-10, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-07-0515-1929.

In the DD-10 80-acre unit, the operator controls 98.0% of the coal and gas interests, and seeks to pool the remaining 2.0% of the interests. Unleased acreage subject to pooling totals 1.6 net acres in one tract having one unleased owner. There are no conflicting claimants subject to escrow. A permit to drill the unit was issued 2/20/07. Pooling was approved.

15. A petition from CNX Gas Company, LLC for pooling of coalbed methane unit DD-11, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-07-0515-1930.

In the DD-11 80-acre unit, the operator controls 98.9% of the coal and gas interests, and seeks to pool the remaining 1.1% of the interests. Unleased acreage subject to pooling totals 0.9 net acres in one tract having one unleased owner. There are no conflicting claimants subject to escrow. A permit to drill the unit was issued 2/20/07. Pooling was approved.

16. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization for direct payments of royalties on Tract 2D, Unit T-36, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0324-0625-05.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Continued to June.

17. A petition from Equitable Production Company for pooling of conventional gas unit V-537713, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-0515-1931.

In the V-537713 112.69-acre conventional gas unit, the applicant controls 99.5% of the oil and gas interests, and seeks to pool the remaining 0.5% of the interests. Unleased acreage subject to pooling totals 0.5 net acres in one tract having three unleased owners. There are unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

18. A petition from Equitable Production Company for pooling of conventional gas unit V-536903, Gladeville District, Wise County, Virginia. Docket Number VGOB-07-0515-1932.

In the V-536903 112.69-acre conventional gas unit, the applicant controls 85.9% of the oil and gas interests, and seeks to pool the remaining 14.1% of the interests. Unleased acreage subject to pooling totals 15.9 net acres in five tracts having 14 unleased owners. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

19. A petition from Equitable Production Company for pooling of coalbed methane unit VC-537102, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-0515-1933.

In the VC-537102 58.77-acre unit, the operator controls 100% of the coal and 99.8% gas interests, and seeks to pool the remaining 0.2% of the gas interests. Unleased gas acreage subject to pooling totals 0.1 net acres in two tracts having 16 unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

20. A petition from Equitable Production Company for pooling of coalbed methane unit VC-537113, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-0515-1934.

In the VC-537113 58.77-acre unit, the operator controls 100% of the coal and 98.4% gas interests, and seeks to pool the remaining 1.6% of the gas interests. Unleased gas acreage subject to pooling totals 0.9 net acres in one tract having 16 unleased claimants. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

21. A petition from Equitable Production Company for pooling of coalbed methane unit VC-536589, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-0515-1935.

In the VC-536589 58.77-acre unit, the operator controls 100% of the coal and 97.0% gas interests, and seeks to pool the remaining 3.0% of the gas interests. Unleased gas acreage subject to pooling totals 1.8 net acres in four tracts having 20 unleased claimants. There are conflicting claimants and unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

22. A petition from Equitable Production Company for modification of the Nora Coalbed Field Rules to allow drilling of an additional well in units BJ79-BJ83, BK80-BK83, BL80-BL84, BM78-BM86, BN78-BN86, BO77-BO86, BP77, BP79-BP86, BQ78-BQ86, BR77-BR78, BR80-BR86, BS77-BS86, BT77-

BT86, BU77-BU86, BV77-BV86, Hurricane District, Buchanan County, Ervinton District, Dickenson County, and Castlewood District, Russell County, Virginia. Docket Number VGOB-89-0126-0009-10. The applicant seeks to modify another portion of the Nora Coalbed Field rules to allow for drilling of multiple wells in each 60-acre unit. The original field rule allows for one well per 60-acre unit. Five areas of the Nora Field have previously been approved for multiple wells. Continued to June.

23. A petition from Equitable Production Company for modification of the Nora Coalbed Field Rules to allow drilling of an additional well in units AV53-AV59, AW53-AW59, AX53, AX55, AX57, AY53-AY55, AZ41-AZ52, AZ56, BA40-BA52, BB40-BB50, BC40-BC51, BD41, BD42, BD46-BD48, BD50, BE40-BE43, BE47, BE48, BF41-BF44, BF47, BG41, BG42, BH40-BH42, Ervinton and Kenady Districts, Dickenson County, Virginia. Docket Number VGOB-89-0126-0009-11.

The applicant seeks to modify another portion of the Nora Coalbed Field rules to allow for drilling of multiple wells in each 60-acre unit. The original field rule allows for one well per 60-acre unit. Five areas of the Nora Field have previously been approved for multiple wells. Continued to June.

24. A petition from Equitable Production Company for disbursement of funds and authorization for direct payment of royalties on Tract 4, Unit PC-313, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-93-0119-0309-01.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Continued to June.

25. A petition from Equitable Production Company for disbursement of funds and authorization for direct payment of royalties on Tract 4, Unit VC-4371, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-00-0321-0785-01.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Disbursement of funds was approved.

26. A petition from Equitable Production Company for disbursement of funds and authorization for direct payment of royalties on Tracts 1, 2, 4 and 5, Unit VC-536070, Castlewood District, Russell County, Virginia. Docket Number VGOB-04-0921-1337-01.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Disbursement of funds was approved.

27. A petition from Equitable Production Company for disbursement of funds and authorization for direct payment of royalties on Tracts 2, 4 and 5, Unit VC-502832, Castlewood District, Russell County, Virginia. Docket Number VGOB-02-1217-1109-01.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Continued to June.

28. A petition from Equitable Production Company for disbursement of funds and authorization for direct payment of royalties on Tracts 1 and 5, Unit VC-1853, Castlewood District, Russell County, Virginia. Docket Number VGOB-00-0516-0815-01.

Owners with conflicting claims to escrowed royalty funds have reached an agreement under Section 45.1-361.22.A(ii) allowing for distribution of funds attributable to their interests. Continued to June.

29. A petition from Appalachian Energy, Inc. for pooling of coalbed methane unit G-36, wells AE-155 and AE-163, Garden District, Buchanan County, Virginia. Docket Number VGOB-07-0515-1936.

In the G-36 80.18-acre unit, the applicant controls 92.7% of the coal interests and 96.4% of the gas interests, and seeks to pool the remaining 7.3% of the coal interests and 3.6% of the gas interests. Unleased coal acreage subject to pooling totals 5.9 net acres in four tracts with 13 unleased owner. Unleased gas acreage totals 2.9 net acres in three tracts having 12 unleased owners. There are no conflicting claimants but there are unknown owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

30. A petition from Appalachian Energy, Inc. for pooling of coalbed methane unit H-36, wells AE-174 and AE-193, Garden District, Buchanan County, Virginia. Docket Number VGOB-07-0515-1937. In the H-36 80.20-acre unit, the applicant controls 98.2% of the coal interests and 98.9% of the gas interests, and seeks to pool the remaining 1.8% of the coal interests and 1.1% of the gas interests. Unleased coal acreage subject to pooling totals 1.4 net acres in two tracts with one unleased owner. Unleased gas acreage totals 0.8 net acres in one tract having one unleased owner. There are no conflicting claimants or unknown owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

31. A petition from Appalachian Energy, Inc. for pooling of coalbed methane unit H-35, wells AE-162 and AE-169, Garden District, Buchanan County, Virginia. Docket Number VGOB-07-0515-1938. In the H-35 80.20-acre unit, the applicant controls 90.5% of the coal interests and 98.5% of the gas interests, and seeks to pool the remaining 9.5% of the coal interests and 1.5% of the gas interests. Unleased coal acreage subject to pooling totals 7.6 net acres in six tracts with 11 unleased owners. Unleased gas acreage totals 1.2 net acres in two tracts having one unleased owner. There are no conflicting claimants or unknown owners subject to escrow. A permit to drill the unit was issued on 9/11/06. Pooling was approved.

The Virginia Gas and Oil Board called for public comments regarding Board matters immediately following the final Docket item. No comments were offered.

The deadline for filing of petitions to the Board for the June 2007 hearing is 5 p.m., Friday, May 18, 2007 with the hearing scheduled for 9 a.m. on Tuesday, June 19, 2007 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.